



ENERGY ASSURANCE DAILY

Tuesday Evening, June 01, 2010

Major Developments

Update: BP Preparing LMRP Cap Containment System after “Top Kill” Operation Fails to Stop Leak from Blown-Out Oil Well in Gulf of Mexico

BP was preparing to deploy its lower marine riser package (LMRP) cap containment system, the company said on June 1, three days after it confirmed the “top kill” operation had failed to halt the flow of oil from the blown-out MC252 oil well in the Gulf of Mexico. The “top kill” method involved injecting heavy drilling fluids through the blow-out preventer on the seabed, down into the well. The company pumped more than 30,000 barrels of heavy mud – in three attempts – at rates of up to 80 barrels a minute. It deployed numerous bridging materials, but the operation did not overcome the flow from the well. The LMRP cap containment system will involve connecting the containment cap to a riser from the Discover Enterprise drillship, and then placing it over the LMRP. The aim will be to capture most of the leaking oil and gas, and then transport it to a drillship above water. BP expects to attempt to attach the LMRP cap later this week. There are concerns, however, that the new plan could actually lead to an increase in the size of the leak. That, according to the New York Times, is because it is possible that, at present, kinks in the riser are actually slowing the amount of oil leaking; since responders will, under the new procedure, have to cut off a portion of the riser pipe, the move could cause more oil to leak from the riser. A White House adviser said the procedure could widen the leak size by 20 percent. Further complicating the success of effort is the start of the hurricane season. Assuming the LMRP worked, should a hurricane enter the Gulf, BP would have to disconnect the hose from the containment system, workers would have to evacuate the area, and oil would again begin to gush from the well into the Gulf waters. . Separately, BP said it continued to drill two relief wells. It temporarily suspended work on the second relief well last week, but resumed operations within four days. A release from the Deepwater Horizon Incident Joint Information Center referred to the first relief well as 10 days ahead of schedule. BP, however, still expected to complete the well three months from the start of drilling.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062526>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062524>

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062487>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/576331/>

<http://www.nytimes.com/2010/06/01/us/01spill.html?hp>

Update: Cost of Response to Gulf of Mexico Incident Reaches about \$990 Million: BP

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062526>

Update: NOAA Extends Northern Boundary of Closed Fishing Area – Closed Area Represents Slightly Less than 26 Percent of Federal Waters in Gulf of Mexico

<http://www.deepwaterhorizonresponse.com/go/doc/2931/576331/>

Update: Gulf of Mexico Oil Spill Could Continue until August 2010: Obama Adviser

Reuters, 11:14 May 30, 2010

Coast Guard Forming New Anchorage Zone near Entrance to Mississippi River – Officials Aim to Prevent Traffic Stoppage due to Ongoing Spill in Gulf of Mexico

Reuters, 19:52 May 28, 2010

Update: Bureau of Land Management Director to Serve as Acting Director of Minerals Management Service

<http://www.mms.gov/ooc/press/2010/press0528.htm>

One-Year Moratorium on Deepwater Projects Could Reduce Global Oil Production by 500,000 b/d between 2013-2017: Bernstein Research

The projection is only theoretical; the United States has not announced such a ban.
Reuters, 13:41 May 28, 2100

Update: Department of Interior Issues Details of Six-Month Moratorium on Deepwater Drilling May 30

The Moratorium Notice to Lessees and Operators (Moratorium NTL) issued directs oil and gas lessees and operators to cease drilling new deepwater wells, including wellbore sidetrack and bypass activities; prohibits the spudding of any new deepwater wells; and puts oil and gas lessees and operators on notice that, with certain exceptions, MMS will not consider for six months drilling permits for deepwater wells and for related activities. For the purposes of the Moratorium NTL, "deepwater" means depths greater than 500 feet. Operators that are currently drilling any well covered by the NTL must proceed at the next safe opportunity to secure the well and take all necessary steps to cease operations and temporarily abandon or close the well until they receive further guidance from the Regional Supervisor for Field Operations. Activities necessary to support existing deepwater production may continue, but operators must obtain approval of those activities from the Department of the Interior.

<http://www.doi.gov/news/pressreleases/Interior-Issues-Directive-to-Guide-Safe-Six-Month-Moratorium-on-Deepwater-Drilling.cfm>

Electricity

Storms Knock Out Power to More than 60,000 Customers in Michigan and Illinois May 31

Storms cut electricity to 22,000 Consumers Energy customers and 21,000 DTE Energy customers in Michigan, and 18,600 ComEd customers in Illinois, company and news sources reported.

<http://www.detnews.com/article/20100531/METRO/5310374/1409/METRO/Storms-leave-14-000-without-power>

<http://www.wvmt.com/articles/style-1377181-leaves-0in.html>

<http://www.myfoxchicago.com/dpp/news/metro/storms-power-outage-chicago-20100531>

Update: Duke's 756 MW Moss Landing Gas-Fired Unit 7 in California Returns to Service by May 30

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201005301515.html>

Update: Duke's 754 MW Moss Landing Gas-Fired Unit 6 in California Returns to Service by May 30

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201005301515.html>

Update: NCPA's 247 MW Collierville Hydro Units 1 & 2 in California Ramp up by May 28

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 241 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201005281515.html>

Update: Sycamore Cogeneration's 360 MW Sycamore Gas-Fired Unit in California Ramps up by May 29

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 200 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201005291515.html>

Update: PG&E's 119 MW Belden Hydro Unit in California Ramps up by May 28

According to the California Independent System Operator, the unit reported a return from an unplanned curtailment of 117 MW.

<http://www.caiso.com/unitstatus/data/unitstatus201005281515.html>

Luminant to Restart 793 MW Monticello Coal-Fired Unit 3 in Texas after Short-Term Shutdown

The unit shut on May 30 due to the “loss of feedwater flow,” Luminant said in a filing with state regulators. The company expected to restart the unit later that same day, it said in a separate filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140343>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140344>

Update: PSO to Restart 720 MW Oklaunion Coal-Fired Power Plant in Texas June 1-2

Public Service Co. of Oklahoma (PSO) shut the unit by May 26 to fix a tube leak, it said in a previous filing with state regulators. It expected to restart the unit between June 1 and June 2, according to a separate filing

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140160>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140161>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140162>

After Brief Shutdown, Luminant to Restart 593 MW Big Brown Coal-Fired Unit 1 in Texas

The unit shut between May 30 and May 31 after “a damper malfunction” led to “high pressure in the furnace,” Luminant said in a filing with state regulators. The company expected to restart the unit on May 31, according to a separate filing.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140356>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140358>

After Two Shutdowns, TMPA to Restart 454 MW Gibbons Creek Coal-Fired Power Plant in Texas

The Texas Municipal Power Agency (TMPA) planned to restart its 454 MW Gibbons Creek coal-fired power plant in Texas from May 31 through June 1, the company said in a filing with state regulators. The unit shut by May 30 due to a boiler tube leak, and then again by May 31 due to “unstable natural gas pressure,” according to multiple filings. The second shutdown occurred as operators attempted to restart the unit from the first outage.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140339>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140361>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140359>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140338>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140340>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140360>

Update: Entergy's 510 MW Vermont Yankee Nuke Unit in Vermont at 88 Percent by June 1

The unit shut automatically on May 26 after “an RPS (Reactor Protection System) actuation occurred in both channels and all control rods inserted,” the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The unit was returning from a refueling outage at the time of the incident, according to a local news source. Operators were prepared to restart the facility on May 27, but a storm-related power outage prevented that effort, a company spokesman said. The unit ramped up to 96 percent power by May 31, but slid down to 88 percent power by June 1, according to the NRC.

<http://www.rutlandherald.com/article/20100528/NEWS02/5280361/1003/NEWS02>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100527en.html>

http://www.reformer.com/ci_15170320?source=most_viewed

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Duke Energy's 846 MW Oconee Nuke Unit 2 in South Carolina Shut by May 31

The Nuclear Regulatory Commission reported that on the morning of May 30 the unit was operating at 20 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Exelon's 802 MW Three Mile Island Nuclear Unit 1 in Pennsylvania Shuts, Restarts May 28-31

The Nuclear Regulatory Commission reported that on the morning of May 31 the unit was operating at 15 percent. http://www.pennlive.com/midstate/index.ssf/2010/05/three_mile_island_back_on-line.html
Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: OG&E Installs More than 42,000 Smart Meters in Oklahoma by June 1

OG&E has installed more than 42,000 smart meters in Norman, Oklahoma, and expects to next pursue smart grid work in Moore and south Oklahoma City, according to a June 1 release. OG&E also announced two agreements related to its smart grid plans:

- It finalized a deal with the U.S. Department of Energy (DOE) to receive \$130 million in stimulus funds for its smart grid program.
- It reached a stipulated agreement with all the parties to its application at the Oklahoma Corporation Commission that, if approved by the Commission, would authorize the company to spend up to \$366.4 million on smart grid deployment by the end of 2012.

<http://www.oge.com/Pages/News.aspx>

Petroleum

Update: Alyeska Pipeline Restarts Trans Alaska Pipeline System May 28

Alyeska Pipeline Service Company restarted its Trans Alaska Pipeline System at 4:40 PM, local time, on May 28, the company said. The pipeline was offline for 79 hours and 40 minutes. The pipeline shut for a planned six-hour window on May 25, according to the company, as workers performed tests and other work. The line remained shut, however, after a power failure led to an oil spill at a pump station. Specifically, the power failure caused the tank's relief valves to open, and triggered a "contained spill" from one of the pump station's crude oil storage tanks.

Alyeska estimated that the spill involved about 5,000 barrels of oil. The company, in a bid to prevent the filling of storage tanks, asked North Slope oil producers to reduce their line inputs to just 8 percent of capacity. Alyeska received approval from the Pipeline Safety and Hazardous Materials Administration (PSHMA) to restart the line. The PSHMA required the company to show that it could safely operate the line without the affected storage tank, and ordered it to send workers to the associated pump station, according to a PSHMA official and spokesman. The line pumps approximately 667,168 b/d of crude oil from the North Slope to Valdez, Alaska.

http://www.alyeska-pipe.com/Inthenews/LatestNews/2010/PS9Tank190/PressRelease4_PS9_TK190.html

http://www.alyeska-pipe.com/Inthenews/LatestNews/2010/PS9Tank190/PressRelease3_PS9_TK190.html

http://www.google.com/hostednews/ap/article/ALeqM5iAPgkBxnvaKLKC1c2rcnvRzvso_AD9G00VTO2

<http://www.reuters.com/article/idUSN2820441320100529?type=marketsNews>

DJN, 11:42 May 28, 2010

Valero Reports Unplanned Work at 315,000 b/d Corpus Christi, Texas Refinery May 29

Valero performed unplanned work on a Butamer Unit at its 315,000 b/d Corpus Christi, Texas refinery on May 29, the company said in a filing with state regulators. It was not clear if the incident had any impact to production.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=140337>

Valero Sees no Impact to Production after Pipe Leak at 325,000 b/d Port Arthur, Texas Refinery

Valero planned to investigate a "small hole" along a 2-inch pipe "off of the wet gas suction drum" from May 29 into May 31 at its 325,000 b/d Port Arthur, Texas refinery, the company said in a filing with state regulators. The pipe was associated with a gasoline-making fluidic catalytic cracking unit (FCC), according to the filing. The incident had "no material impact to production," according to a company spokesman.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=140342>

<http://www.iii.co.uk/news/?type=afxnews&articleid=7918564&subject=markets&action=article>

DJN, 10:31 June 1, 2010

ExxonMobil Extinguishes Fire at 149,000 b/d Torrance, California Refinery May 31

ExxonMobil extinguished a fire at its 149,000 b/d Torrance, California refinery on May 31, but the incident "occurred in a remote area of the refinery" and "had no impact on production," according to a filing with state regulators.

<http://www.oes.ca.gov/Operational/MALHaz.nsf/f1841a103c102734882563e200760c4a/5902bbab6f82ae18882577340082df79?OpenDocument>

Fire Kills Three, Injures 12 at Naft Shahr Oilfield in Iran May 29

A gas leak led to fire at an Iranian oil well, killing three people and injuring 12, official and news sources said. The incident occurred at the Naft Shahr oilfield, and an official in charge of the effort said it could take six months to extinguish the fire. The Naft Shahr field contains an estimated 692 million barrels of oil. Officials did not say how much the field was producing at the time of the incident. The fire occurred at well number 24; it was not clear if or how much production was offline.

Reuters, 03:08 May 31, 2010

Reuters, 04:25 May 29, 2010

Husky Energy Begins Oil Production at Planned 37,000 b/d North Amethyst Field Offshore Newfoundland & Labrador, Canada May 31

The field holds an estimated 90 million barrels of reserves, as of the end of 2009. It is the first satellite field development of Husky Energy's White Rose project. The company expects it to eventually yield about 37,000 b/d.

<http://www.huskyenergy.com/news/2010/husky-energy-announces-oil-production-from-the-north-amethyst-field.asp>

Petrobras Begins Estimated 22,000 b/d Oil Production at FPSO Capixaba, Offshore Brazil May 29

The company plans to eventually connect the FPSO Capixaba to multiple wells across two fields – Cachalote and Baleia Franca – in the Campos Basin, offshore Brazil. It expects the project to reach peak production of 100,000 b/d in December 2010.

http://www.rigzone.com/news/article.asp?a_id=93958

Natural Gas

Permitting Issues to Postpone Construction of El Paso's Proposed 1.5 Bcf/d, 42-Inch, Wyoming-to-Oregon Ruby Natural Gas Pipeline

El Paso had initially aimed to break ground on the approximately 675-mile pipeline this spring, but the federal Bureau of Land Management now does not expect sign off on the project until early July. The delay comes as the Federal Energy Regulatory Commission (FERC) works on deals with multiple states to protect historical and cultural sites along the line's proposed route. FERC must also approve the project, prior to construction.

http://www.slttrib.com/ci_15192344?source=most_viewed

<http://www.rubypipeline.com/>

Update: Despite Setback, Northwest Natural Gas to Pursue 111-Mile Eastern Portion of Proposed Palomar Natural Gas Pipeline in Oregon

Northwest Natural Gas plans to pursue the 111-mile eastern segment of its proposed Palomar natural gas pipeline in Oregon, even after the failure of the planned Bradwood Landing LNG terminal forced the company to cancel the line's 106-mile western portion, the company said on May 27. The western segment would have linked the now-defunct Bradwood Landing LNG import facility with the interstate pipeline system. The eastern segment, however, is still slated to deliver natural gas between Molalla and Madras.

http://www.downstreamtoday.com/news/article.aspx?a_id=22822

Lower-48 Natural Gas Production Rises by 810 MMcf/d in March 2010, Compared to Previous Month: EIA

The lower-48 states yielded 63.86 Bcf/d of natural gas in March 2010, or 1.3 percent higher than the average in February 2010, the U.S. Energy Information Administration (EIA) said. The 810 MMcf/d increase included a 200 MMcf/d in jump in Louisiana and a 400 MMcf/d rise in Texas.

http://www.eia.doe.gov/oil_gas/natural_gas/data_publications/natural_gas_monthly/ngm.html

<http://www.platts.com/RSSFeedDetailedNews.aspx?xmlpath=RSSFeed/HeadlineNews/NaturalGas/6074975.xml>

Update: Powers Energy One Likely to Break Ground Later Than Expected on Planned 160 MMGal/Yr. MSW-Based Ethanol Plant in Indiana

Powers Energy One is likely to break ground in the spring of 2011, instead of the fall of 2010, on its proposed 160 MMGal/Yr. MSW-based ethanol plant in Schneider, Indiana, according to Ken Bosar, the company's engineer and vice president said on May 28. Bosar cited two factors in the delay: the time it took to obtain land and issues with an associated facility's permit. The company plans to use the permit of a separate, INEOS-owned Florida facility, as a blueprint for its own permit.

<http://ethanol-news.newslib.com/story/6938-35572/>

Team to Receive up to \$122 Million for Nuclear Energy Innovation Hub

U.S. Deputy Secretary of Energy Daniel Poneman announced on May 28 the selection of a team led by Oak Ridge National Laboratory (ORNL) for an award of up to \$122 million over five years to establish and operate a new Nuclear Energy Modeling and Simulation Energy Innovation Hub. The Hub, which includes partners from universities, industry and other national labs, will use advanced capabilities of the world's most powerful computers to make significant leaps forward in nuclear reactor design and engineering.

<http://www.energy.gov/news/9011.htm>

Energy Prices

U.S. Oil and Gas Prices			
June 1, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	74.10	64.48	67.82
NATURAL GAS Henry Hub \$/Million Btu	4.31	4.08	3.92

Source: Reuters

Energy Notes

Storms Knock Out Power to 18,000 CenterPoint Energy Customers in Texas May 28

<http://www.khou.com/home/CenterPoint-Energy-Thousands-without-power-after-thunderstorms-95163244.html>

Delmarva Power & Light Reports 18,026 Customers Without Power in Delaware and Maryland June 1 – Company Restores Power to Nearly All Within Hours

<http://www.delmarva.com/home/emergency/maps/stormcenter/>

Storm Cuts Electricity Briefly to about 11,000 Met-Ed Customers in Pennsylvania May 31

http://www.ydr.com/ci_15198673?source=most_viewed

Substation Copper Theft Cuts Power to about 900 AEP Customers in Ohio May 28

<http://www.lancastereaglegazette.com/article/20100529/NEWS01/5290323>

Update: NRC Says Entergy Took Prompt and Effective Action to Find Source of Radioactive Leak at 563 MW Vermont Yankee Nuclear Power Plant

http://nuclearstreet.com/blogs/nuclear_power_news/archive/2010/05/28/nuclear-regulatory-commission-issues-inspection-report-on-vermont-yankee-groundwater-contamination-issues-05282.aspx

http://adamswebsearch2.nrc.gov/idmws/doccontent.dll?library=PU_ADAMS^PBNTAD01&ID=101410085

U.S. Army Corps of Engineers Plans 40-Plus MW Expansion by 2014 at Existing 2,456 MW Chief Joseph Dam in Washington

http://seattletimes.nwsourc.com/html/localnews/2011802636_turbine07m.html

Fuel Tanker Catches Fire, Forces Shut Part of Interstate 75 in Florida May 29 – Tank Was Carrying almost 9,000 Gallons of Fuel

http://www.cfnews13.com/News/Local/2010/5/30/i75_back_open_after_huge_oil_tanker_fire.html

Hess Expects no Impact to Operations after Fuel Truck Accident Outside Port Reading, New Jersey Refinery June 1

DJN, 10:41 June 1, 2010

Breakdown Triggers Flaring at BP's 265,000 b/d Carson, California Refinery over Weekend

DJN, 10:05 June 1, 2010

Thieves Took Average of 8,432 B/d of Petroleum Products from Mexico's Pipelines in 2009 – Incidents of Theft Rose from 102 in 2004 to 462 in 2009

<http://www.azcentral.com/arizonarepublic/news/articles/2010/05/30/20100530mexico-oil-drug-war.html>

Industry, Academic, and Government Alliance Expect to Use Solar Energy to Convert Waste CO2 into Diesel Fuel – Team Expects Commercial-Scale Facilities in 2013

<http://www.prnewswire.com/news-releases/alliance-formed-to-commercialize-technologies-that-convert-waste-co2-into-diesel-fuel-using-solar-energy-95299984.html>

Turbines Shut, Restart at Goldsmith Gas Plant in Texas May 30

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140363>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140352>

Turbine Shutdowns at Fullerton Plant Trigger Engine Failures at Andrews Booster Station in Texas May 30

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140365>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140366>

Engine Shutdown Triggers Flaring at Keystone Gas Plant in Texas May 29

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=140341>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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